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August 30, 2006

Mr. Anthony Densieski
Senior Director
Market Surveillance
New York Mercantile Exchange
World Financial Center
One North End Avenue
New York, NY 10282-1101

Dear Mr. Densieski:

We are writing to express our concern about trading yesterday in the NYMEX Natural Gas futures contract (the NG contract). As you are no doubt aware, during the last 60 minutes of trading in the September NG contract, the price of the September NG contract spiked up by approximately 10%. We believe that such price movement did not reflect bona fide supply and demand market forces. (In fact, the cash market price for September natural gas did not experience the same price increase, and NG contract prices returned today to levels at or below prices before the spike.) We also believe that the trading that caused the price movement during the closing range of the September NG contract was motivated by the desire of one or more market participants to affect the settlement price of the September NG contract, which the public relies on as a key price benchmark for physical and financial contracts involving natural gas.

We are particularly concerned over yesterday's market activity in light of the call from you and your colleagues yesterday morning, in which you expressed your concern about the manner of liquidation of our September NG contract position. You said that you expected us to reduce our position in an orderly and non-disruptive manner, that we should liquidate our position ratably over the course of the day, and that you did not want us to enter any large orders, particularly during the last half hour of trading of the September NG contract. As a responsible market participant we abided by your request, and had completely liquidated our September NG position by approximately 1:15 pm. As a result, the significant liquidity that we bring to the NYMEX market was not available during the last half hour of trading when the large spike occurred, and we were unable to mitigate our market risk during this period of unusual volatility. The price spike and lack of liquidity on the close harmed all natural gas market participants, including consumers whose cost of natural gas most certainly will be tied to yesterday's inflated settlement price.

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It is apparent to us that certain market participants are not trading in a responsible manner. For the protection of the market integrity of the NG contract, we believe it is essential that NYMEX immediately initiate an investigation into the trades and traders that caused yesterday's artificial price spike. We also respectfully request an in-person meeting between senior Amaranth executives and you and other senior NYMEX representatives to discuss the above request, as well as the remedial steps necessary to allow us to effectively trade in the NG contract on a going forward basis. Please call me at (203) 422-3317 to discuss setting up a date and time for such meeting; we look forward to meeting with you and your colleagues as soon as our schedules permit.

Thank you for your consideration of this urgent and important request.

Very truly yours,

Michael Carrieri
Compliance Director

cc: Thomas LaSala
Christopher Bowen
Nancy Minett
Bonnie Merkel